

Introduction

As a long-term investor we aim to invest responsibly to encourage positive change and to avoid negative impacts. On the area of soft commodity investments (such as wheat), there could be a fear of 'food speculation', in which speculation on the price of soft commodities (directly or via commodity derivatives) could lead to higher prices and lowers the basic food supply of vulnerable populations. In this commodity policy statement we elaborate on our guidelines on commodity investments in which we underline our general statement that we will not be involved in speculative trading on commodities.

Commodities

Investors can invest in physical commodities or in commodity derivatives, such as futures. Soft commodities refer to a kind of commodities, raw material, that are grown (such as meat and corn) instead of mined (such as gold and copper). The following guidelines and background apply for investments in commodity derivatives.

Guidelines and background for investing in commodities

- As we do not wish to finance unacceptable impacts in the commodities sector, a potentially high-risk sector, we will not be involved in investments in soft commodities derivatives that could contribute to 'food speculation' and destabilise food market prices. We will not actively participate in setting up investment vehicles relying on investments in commodities or trading on commodities in relation to 'food speculation'.
- From an investment perspective, it is important to be able to invest in commodities for diversification/inflation hedging reasons.
 - o We do not exclude investments in agricultural commodity derivatives. As commodity derivatives markets are broad, the level of influence of an individual investor in these markets is limited. As a marginal actor in the commodity market we have limited influence in this industry and there is no risk of driving up prices.
 - o Furthermore, we do not have substantial investments in commodities.
- We believe that most impact can be achieved by trying to positively influence the production companies (agricultural, gold, etc.). Therefore, we mainly focus on engagement with companies linked to the commodity sector. We apply ESG criteria to commodity related companies in our equity and credit investment portfolios. We will start a dialogue with external fund managers to assess the managers ESG approach and to encourage strong governance and transparency about the ESG impact of investments made.